

COMMITTEE REPORT

MR. PRESIDENT:

The Senate Committee on Energy and Economic Development, to which was referred House Bill No. 2130, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

- 1 Page 1, between the enacting clause and line 1, begin a new
- 2 paragraph and insert:
- 3 "SECTION 1. IC 4-4-6.1-1.3 IS ADDED TO THE INDIANA CODE
- 4 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
- 5 1, 2001]: **Sec. 1.3. (a) As used in this chapter, "high technology**
- 6 **business operations" means the operations in Indiana of a business**
- 7 **engaged in the following:**
- 8 **(1) Advanced computing.**
- 9 **(2) Creation of advanced materials.**
- 10 **(3) Biotechnology.**
- 11 **(4) Electronic device technology.**
- 12 **(5) Environmental technology.**
- 13 **(6) Medical device technology.**
- 14 **(b) For purposes of this section, "advanced computing" means**
- 15 **technology used in the designing and developing of computing**
- 16 **hardware and software, including innovations in designing the full**
- 17 **range of hardware from hand held calculators to supercomputers**
- 18 **and peripheral equipment.**
- 19 **(c) For purposes of this section, "advanced materials" means**
- 20 **materials with engineered properties created through the**
- 21 **development of specialized processing and synthesis technology,**

including ceramics, high value added metals, electronic materials, composites, polymers, and biomaterials.

(d) For purposes of this section, "biotechnology" means the continually expanding body of fundamental knowledge about the functioning of biological systems from the macro level to the molecular and subatomic levels, as well as novel products, services, technologies, and subtechnologies developed as a result of insights gained from research advances that add to that body of fundamental knowledge.

(e) For purposes of this section, "electronic device technology" means technology involving any of the following:

- (1) Microelectronics.
- (2) Semiconductors.
- (3) Electronic equipment.
- (4) Instrumentation.
- (5) Radio frequency waves.
- (6) Microwaves.
- (7) Millimeter electronics.
- (8) Optical and optic electrical devices.
- (9) Data and digital communications.
- (10) Imaging devices.

(f) For purposes of this section, "environmental technology" means any of the following:

- (1) The assessment and prevention of threats or damage to human health or the environment.
- (2) Environmental cleanup.
- (3) The development of alternative energy sources.

(g) For purposes of this section, "medical device technology" means technology involving any medical equipment or product (other than a pharmaceutical product) that has therapeutic value or diagnostic value and is regulated by the federal Food and Drug Administration.

SECTION 2. IC 4-4-6.1-2.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 2.5. (a) Subject to ~~subsection~~ **subsections (c) and (d)**, a zone business that claims any of the incentives available to zone businesses shall, by letter postmarked before June 1 of each year:

- (1) submit to the board and to the zone urban enterprise

1 association created under section 4 of this chapter, on a form
 2 prescribed by the board, a verified summary concerning the
 3 amount of tax credits and exemptions claimed by the business in
 4 the preceding year; and

5 (2) pay the amount specified in section 2(4) of this chapter to the
 6 board.

7 (b) In order to determine the accuracy of the summary submitted
 8 under subsection (a), the board is entitled to obtain copies of a zone
 9 business' tax records directly from the department of state revenue, the
 10 state board of tax commissioners, or a county official, notwithstanding
 11 the provisions of any other law. A summary submitted to a board or
 12 zone urban enterprise association, or a record obtained by the board,
 13 under this section is confidential. A board member, an urban enterprise
 14 association member, or an agent of a board member or an urban
 15 enterprise association member, who knowingly or intentionally
 16 discloses information that is confidential under this section commits a
 17 Class A misdemeanor.

18 (c) The board may grant one (1) extension of the time allowed to
 19 comply with subsection (a) under the provisions of this subsection. To
 20 qualify for an extension, a zone business must apply to the board by
 21 letter postmarked before June 1. The application must be in the form
 22 specified by the board. The extension may not be for a period that is
 23 longer than forty-five (45) days under rules adopted by the board under
 24 IC 4-22-2.

25 (d) If a zone business **that did not comply with subsection (a)**
 26 **before June 1 and did not file for an extension under subsection (c)**
 27 **before June 1** complies with subsection (a) ~~after~~ **before July 15, 16,**
 28 the amount of the tax credit and exemption incentives for the preceding
 29 year that were otherwise available to the zone business because the
 30 business was a zone business are waived, **unless the zone business**
 31 **pays to the board a penalty equal to fifteen percent (15%) of the**
 32 **amount of the tax credit and exemption incentives for the**
 33 **preceding year that were otherwise available to the zone business**
 34 **because the business was a zone business. A zone business that pays**
 35 **a penalty under this subsection for a year must pay the penalty to**
 36 **the board before July 16 of that year. The board shall deposit any**
 37 **penalty payments received under this subsection in the enterprise**
 38 **zone fund.**

(e) This subsection is in addition to any other sanction imposed by subsection (d) or any other law. If a zone business fails to comply with subsection (a) ~~before June 1 without filing for and being granted an extension by the board as provided under subsection (c) or if a zone business fails to comply with subsection (a) before July 16 if an extension of time has been granted by the board under subsection (c); and does not pay any penalty required under subsection (d) by letter postmarked before July 16 of that year,~~ the zone business:

(1) is denied all of the tax credit and exemption incentives available to a zone business because the business was a zone business for that year; and

(2) is disqualified from further participation in the enterprise zone program under this chapter until the zone business:

(A) petitions the board for readmission to the enterprise zone program under this chapter; and

(B) pays a civil penalty of one hundred dollars (\$100)."

Page 4, line 8, after "subsection (a)." insert "**The authority of one (1) or more units to establish an enterprise zone under this subsection is in addition to the authority of a redevelopment authority to establish an economic development area in the same geographic area under IC 36-7-14.5-12.5.**"

Page 4, after line 42, begin a new paragraph and insert:

"SECTION 5. IC 6-3.1-10-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002]: Sec. 8. (a) To be entitled to a credit, a taxpayer must request the department of commerce to determine:

(1) whether a purchase of an ownership interest in a business located in an enterprise zone is a qualified investment; and

(2) the percentage credit to be allowed.

The request must be made before a purchase is made.

(b) The department of commerce shall find that a purchase is a qualified investment if:

(1) the business is viable;

(2) the business has not been disqualified from enterprise zone incentives or benefits under IC 4-4-6.1;

(3) the taxpayer has a legitimate purpose for purchase of the ownership interest;

(4) the purchase would not be made unless a credit is allowed

under this chapter; and

(5) the purchase is critical to the commencement, enhancement, or expansion of business operations in the zone and will not merely transfer ownership, and the purchase proceeds will be used only in business operations in the enterprise zone.

The department may delay making a finding under this subsection if, at the time the request is filed under subsection (a), an urban enterprise zone association has made a recommendation that the business be disqualified from enterprise zone incentives or benefits under IC 4-4-6.1 and the enterprise zone board has not acted on that request. The delay by the department may not last for more than sixty (60) days.

(c) If the department of commerce finds that a purchase is a qualified investment, the department shall certify the percentage credit to be allowed under this chapter based upon the following:

(1) A percentage credit of ten percent (10%) may be allowed based upon the need of the business for equity financing, as demonstrated by the inability of the business to obtain debt financing.

(2) A percentage credit of two percent (2%) may be allowed for business operations in the retail, professional, or warehouse/distribution codes of the SIC Manual.

(3) A percentage credit of five percent (5%) may be allowed for business operations in the manufacturing codes of the SIC Manual.

(4) A percentage credit of five percent (5%) may be allowed for high technology business operations (as defined in IC 4-4-6.1-1.3.)

(5) A percentage credit may be allowed for jobs created during the twelve (12) month period following the purchase of an ownership interest in the zone business, as determined under the following table:

JOB'S CREATED	PERCENTAGE
Less than 11 jobs	1%
11 to 25 jobs	2%
26 to 40 jobs	3%
41 to 75 jobs	4%
More than 75 jobs	5%

~~(5)~~ **(6)** A percentage credit of five percent (5%) may be allowed

if fifty percent (50%) or more of the jobs created in the twelve (12) month period following the purchase of an ownership interest in the zone business will be reserved for zone residents.

~~(6)~~ (7) A percentage credit may be allowed for investments made in real or depreciable personal property, as determined under the following table:

AMOUNT OF INVESTMENT	PERCENTAGE
Less than \$25,001	1%
\$25,001 to \$50,000	2%
\$50,001 to \$100,000	3%
\$100,001 to \$200,000	4%
More than \$200,000	5%

The total percentage credit may not exceed thirty percent (30%).

(d) If all or a part of a purchaser's intent is to transfer ownership, the tax credit shall be applied only to that part of the investment that relates directly to the enhancement or expansion of business operations at the zone location.

SECTION 6. IC 36-7-14.5-12.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 12.5. (a) This section applies only to an authority in a county having a United States government military base that is scheduled for closing or is completely or partially inactive or closed.

(b) In order to accomplish the purposes set forth in section 11(b) of this chapter, an authority may create an economic development area:

(1) by following the procedures set forth in IC 36-7-14-41 for the establishment of an economic development area by a redevelopment commission; and

(2) with the same effect as if the economic development area was created by a redevelopment commission.

However, an authority may not include in an economic development area created under this section any area that was declared a blighted area, an urban renewal area, or an economic development area under IC 36-7-14.

(c) In order to accomplish the purposes set forth in section 11(b) of this chapter, an authority may do the following in a manner that serves an economic development area created under this section:

(1) Acquire by purchase, exchange, gift, grant, condemnation, or lease, or any combination of methods, any personal property or

- 1 interest in real property needed for the redevelopment of
2 economic development areas located within the corporate
3 boundaries of the unit.
- 4 (2) Hold, use, sell (by conveyance by deed, land sale contract, or
5 other instrument), exchange, lease, rent, or otherwise dispose of
6 property acquired for use in the redevelopment of economic
7 development areas on the terms and conditions that the authority
8 considers best for the unit and the unit's inhabitants.
- 9 (3) Sell, lease, or grant interests in all or part of the real property
10 acquired for redevelopment purposes to any other department of
11 the unit or to any other governmental agency for public ways,
12 levees, sewerage, parks, playgrounds, schools, and other public
13 purposes on any terms that may be agreed on.
- 14 (4) Clear real property acquired for redevelopment purposes.
- 15 (5) Repair and maintain structures acquired for redevelopment
16 purposes.
- 17 (6) Remodel, rebuild, enlarge, or make major structural
18 improvements on structures acquired for redevelopment purposes.
- 19 (7) Survey or examine any land to determine whether the land
20 should be included within an economic development area to be
21 acquired for redevelopment purposes and to determine the value
22 of that land.
- 23 (8) Appear before any other department or agency of the unit, or
24 before any other governmental agency in respect to any matter
25 affecting:
- 26 (A) real property acquired or being acquired for
27 redevelopment purposes; or
- 28 (B) any economic development area within the jurisdiction of
29 the authority.
- 30 (9) Institute or defend in the name of the unit any civil action, but
31 all actions against the authority must be brought in the circuit or
32 superior court of the county where the authority is located.
- 33 (10) Use any legal or equitable remedy that is necessary or
34 considered proper to protect and enforce the rights of and perform
35 the duties of the authority.
- 36 (11) Exercise the power of eminent domain in the name of and
37 within the corporate boundaries of the unit subject to the same
38 conditions and procedures that apply to the exercise of the power

- 1 of eminent domain by a redevelopment commission under
2 IC 36-7-14.
- 3 (12) Appoint an executive director, appraisers, real estate experts,
4 engineers, architects, surveyors, and attorneys.
- 5 (13) Appoint clerks, guards, laborers, and other employees the
6 authority considers advisable, except that those appointments
7 must be made in accordance with the merit system of the unit if
8 such a system exists.
- 9 (14) Prescribe the duties and regulate the compensation of
10 employees of the authority.
- 11 (15) Provide a pension and retirement system for employees of
12 the authority by using the public employees' retirement fund or a
13 retirement plan approved by the United States Department of
14 Housing and Urban Development.
- 15 (16) Discharge and appoint successors to employees of the
16 authority subject to subdivision (13).
- 17 (17) Rent offices for use of the department or authority, or accept
18 the use of offices furnished by the unit.
- 19 (18) Equip the offices of the authority with the necessary
20 furniture, furnishings, equipment, records, and supplies.
- 21 (19) Design, order, contract for, and construct, reconstruct,
22 improve, or renovate the following:
- 23 (A) Any local public improvement or structure that is
24 necessary for redevelopment purposes or economic
25 development within the corporate boundaries of the unit.
- 26 (B) Any structure that enhances development or economic
27 development.
- 28 (20) Contract for the construction, extension, or improvement of
29 pedestrian skyways (as defined in IC 36-7-14-12.2(c)).
- 30 (21) Accept loans, grants, and other forms of financial assistance
31 from, or contract with, the federal government, the state
32 government, a municipal corporation, a special taxing district, a
33 foundation, or any other source.
- 34 (22) Make and enter into all contracts and agreements necessary
35 or incidental to the performance of the duties of the authority and
36 the execution of the powers of the authority under this chapter.
- 37 (23) Take any action necessary to implement the purpose of the
38 authority.

1 (24) Provide financial assistance, in the manner that best serves
2 the purposes set forth in section 11(b) of this chapter, including
3 grants and loans, to enable private enterprise to develop,
4 redevelop, and reuse military base property or otherwise enable
5 private enterprise to provide social and economic benefits to the
6 citizens of the unit.

7 (d) An authority may designate all or a portion of an economic
8 development area created under this section as an allocation area by
9 following the procedures set forth in IC 36-7-14-39 for the
10 establishment of an allocation area by a redevelopment commission.
11 The allocation provision may modify the definition of "property taxes"
12 under IC 36-7-14-39(a) to include taxes imposed under IC 6-1.1 on the
13 depreciable personal property located and taxable on the site of
14 operations of designated taxpayers in accordance with the procedures
15 applicable to a commission under IC 36-7-14-39.3. IC 36-7-14-39.3
16 applies to such a modification. An allocation area established by an
17 authority under this section is a special taxing district authorized by the
18 general assembly to enable the unit to provide special benefits to
19 taxpayers in the allocation area by promoting economic development
20 that is of public use and benefit. For allocation areas established for an
21 economic development area created under this section after June 30,
22 1997, and to the expanded portion of an allocation area for an
23 economic development area that was established before June 30, 1997,
24 and that is expanded under this section after June 30, 1997, the net
25 assessed value of property that is assessed as residential property under
26 the rules of the state board of tax commissioners, as finally determined
27 for any assessment date, must be allocated. All of the provisions of
28 IC 36-7-14-39, IC 36-7-14-39.1, and IC 36-7-14-39.5 apply to an
29 allocation area created under this section, except that the authority shall
30 be vested with the rights and duties of a commission as referenced in
31 those sections, and except that, notwithstanding IC 36-7-14-39(b)(2),
32 property tax proceeds paid into the allocation fund may be used by the
33 authority only to do one (1) or more of the following:

34 (1) Pay the principal of and interest and redemption premium on
35 any obligations incurred by the special taxing district or any other
36 entity for the purpose of financing or refinancing military base
37 reuse activities in or serving or benefitting that allocation area.

38 (2) Establish, augment, or restore the debt service reserve for

obligations payable solely or in part from allocated tax proceeds in that allocation area or from other revenues of the authority (including lease rental revenues).

(3) Make payments on leases payable solely or in part from allocated tax proceeds in that allocation area.

(4) Reimburse any other governmental body for expenditures made by it for local public improvements or structures in or serving or benefitting that allocation area.

(5) Pay all or a portion of a property tax replacement credit to taxpayers in an allocation area as determined by the authority. This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district (as defined in IC 6-1.1-1-20) that contains all or part of the allocation area:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2), IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.

STEP TWO: Divide:

- (A) that part of the twenty percent (20%) of each county's total county tax levy payable that year as determined under IC 6-1.1-21-4 that is attributable to the taxing district; by
- (B) the STEP ONE sum.

STEP THREE: Multiply:

- (A) the STEP TWO quotient; by
- (B) the total amount of the taxpayer's property taxes levied in the taxing district that have been allocated during that year to an allocation fund under this section.

If not all the taxpayers in an allocation area receive the credit in full, each taxpayer in the allocation area is entitled to receive the same proportion of the credit. A taxpayer may not receive a credit under this section and a credit under IC 36-7-14-39.5 in the same year.

(6) Pay expenses incurred by the authority for local public improvements or structures that are in the allocation area or serving or benefitting the allocation area.

(7) Reimburse public and private entities for expenses incurred in training employees of industrial facilities that are located:

- (A) in the allocation area; and

1 (B) on a parcel of real property that has been classified as
2 industrial property under the rules of the state board of tax
3 commissioners.

4 However, the total amount of money spent for this purpose in any
5 year may not exceed the total amount of money in the allocation
6 fund that is attributable to property taxes paid by the industrial
7 facilities described in clause (B). The reimbursements under this
8 subdivision must be made within three (3) years after the date on
9 which the investments that are the basis for the increment
10 financing are made. The allocation fund may not be used for
11 operating expenses of the authority.

12 (e) In addition to other methods of raising money for property
13 acquisition, redevelopment, or economic development activities in or
14 directly serving or benefitting an economic development area created
15 by an authority under this section, and in anticipation of the taxes
16 allocated under subsection (d), other revenues of the authority, or any
17 combination of these sources, the authority may, by resolution, issue
18 the bonds of the special taxing district in the name of the unit. Bonds
19 issued under this section may be issued in any amount without
20 limitation. The following apply if such a resolution is adopted:

21 (1) The authority shall certify a copy of the resolution authorizing
22 the bonds to the municipal or county fiscal officer, who shall then
23 prepare the bonds. The seal of the unit must be impressed on the
24 bonds, or a facsimile of the seal must be printed on the bonds.

25 (2) The bonds must be executed by the appropriate officer of the
26 unit and attested by the unit's fiscal officer.

27 (3) The bonds are exempt from taxation for all purposes.

28 (4) Bonds issued under this section may be sold at public sale in
29 accordance with IC 5-1-11 or at a negotiated sale.

30 (5) The bonds are not a corporate obligation of the unit but are an
31 indebtedness of the taxing district. The bonds and interest are
32 payable, as set forth in the bond resolution of the authority:

33 (A) from the tax proceeds allocated under subsection (d);

34 (B) from other revenues available to the authority; or

35 (C) from a combination of the methods stated in clauses (A)
36 and (B).

37 (6) Proceeds from the sale of bonds may be used to pay the cost
38 of interest on the bonds for a period not to exceed five (5) years

1 from the date of issuance.

2 (7) Laws relating to the filing of petitions requesting the issuance
3 of bonds and the right of taxpayers to remonstrate against the
4 issuance of bonds do not apply to bonds issued under this section.

5 (8) If a debt service reserve is created from the proceeds of bonds,
6 the debt service reserve may be used to pay principal and interest
7 on the bonds as provided in the bond resolution.

8 (9) If bonds are issued under this chapter that are payable solely
9 or in part from revenues to the authority from a project or
10 projects, the authority may adopt a resolution or trust indenture or
11 enter into covenants as is customary in the issuance of revenue
12 bonds. The resolution or trust indenture may pledge or assign the
13 revenues from the project or projects. The resolution or trust
14 indenture may also contain any provisions for protecting and
15 enforcing the rights and remedies of the bond owners as may be
16 reasonable and proper and not in violation of law, including
17 covenants setting forth the duties of the authority. The authority
18 may establish fees and charges for the use of any project and
19 covenant with the owners of any bonds to set those fees and
20 charges at a rate sufficient to protect the interest of the owners of
21 the bonds. Any revenue bonds issued by the authority that are
22 payable solely from revenues of the authority shall contain a
23 statement to that effect in the form of bond.

24 (f) Notwithstanding section 8(a) of this chapter, an ordinance
25 adopted under section 11(b) of this chapter may provide, or be
26 amended to provide, that the board of directors of the authority shall be
27 composed of not fewer than three (3) nor more than seven (7)
28 members, who must be residents of the unit appointed by the executive
29 of the unit.

30 (g) The acquisition of real and personal property by an authority
31 under this section is not subject to the provisions of IC 5-22,
32 IC 36-1-10.5, IC 36-7-14-19, or any other statutes governing the
33 purchase of property by public bodies or their agencies.

34 (h) An authority may negotiate for the sale, lease, or other
35 disposition of real and personal property without complying with the
36 provisions of IC 5-22-22, IC 36-1-11, IC 36-7-14-22, or any other
37 statute governing the disposition of public property.

38 (i) Notwithstanding any other law, utility services provided within

1 an economic development area established under this section are
 2 subject to regulation by the appropriate regulatory agencies unless the
 3 utility service is provided by a utility that provides utility service solely
 4 within the geographic boundaries of an existing or a closed military
 5 installation, in which case the utility service is not subject to regulation
 6 for purposes of rate making, regulation, service delivery, or issuance of
 7 bonds or other forms of indebtedness. However, this exemption from
 8 regulation does not apply to utility service if the service is generated,
 9 treated, or produced outside the boundaries of the existing or closed
 10 military installation.

11 **(j) An economic development area created under this section**
 12 **may include territory that is:**

13 **(1) within the corporate boundaries of the unit; or**

14 **(2) contiguous to the military base;**

15 **but that is not on military base property."**

16 Page 5, after line 3, begin a new paragraph and insert:

17 "SECTION 8. [EFFECTIVE JANUARY 1, 2002] **IC 6-3.1-10-8, as**
 18 **amended by this act, applies only to taxable years beginning after**
 19 **December 31, 2001."**

20 Renumber all SECTIONS consecutively.

(Reference is to HB 2130 as reprinted February 21, 2001.)

and when so amended that said bill do pass.

Committee Vote: Yeas 11, Nays 0.

Weatherwax

Chairperson